

## **Assembly Bill No. 246**

### **CHAPTER 226**

An act to add Sections 19597.5 and 19601.3 to the Business and Professions Code, relating to horse racing, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor October 11, 2009. Filed with  
Secretary of State October 11, 2009.]

#### **LEGISLATIVE COUNSEL'S DIGEST**

AB 246, Price. Horse racing: deductions and distributions: trust funds: harness and quarter horse racing.

Existing law, the Horse Racing Law, generally regulates horse racing and parimutuel wagering on horse races. Existing law requires various deductions and distributions to be made from parimutuel pools, as specified.

This bill would require a person licensed to conduct a horse racing meeting to hold in trust the distributions required to be made pursuant to the Horse Racing Law until the funds are paid to the various distributees. The bill would provide that these required deductions, except for those that enure to the benefit of the racing association, are trust funds and shall not be used by the racing association for any purpose other than for payment to those distributees as directed by the Horse Racing Law. The bill would provide that these funds are not the property of the racing association and are to be held in a separate depository account until they are actually distributed as provided for in the Horse Racing Law. By codifying requirements on licensees under the Horse Racing Law, the violation of which would be a crime, the bill would impose a state-mandated local program.

This bill would authorize a quarter horse and harness racing association, subject to approval by the California Horse Racing Board, to deduct from the total amount handled in the parimutuel pool for any type of wager up to 2% more of the total amount handled than was authorized on May 1, 2009, and would require any amount deducted under this authority to be distributed as specified.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

This bill would declare that it is to take effect immediately as an urgency statute.

*The people of the State of California do enact as follows:*

SECTION 1. (a) The Legislature finds and declares that it has long been established in California that the racing association and its parimutuel operation is actually only holding the stakes. The funds wagered are not the property of the racing association. The racing association merely holds the funds wagered until the results of the race are known, then the association pays the winning wagers, and holds funds for others pursuant to the California Horse Racing Law. It has always been known that the funds due the various distributees are not the property of the racing association. The racing association is merely acting as a trustee until the funds are paid to those as provided for in statute.

(b) It is therefore the intent of the Legislature that the purpose of this act is not to change California law, but merely to codify this trustee relationship.

SEC. 2. Section 19597.5 is added to the Business and Professions Code, to read:

19597.5. A person licensed under this chapter to conduct a horse racing meeting shall hold in trust the distributions required to be made pursuant to this chapter until the funds are paid to the various distributees. These required deductions, except for those that enure to the benefit of the racing association, are trust funds and shall not be used by the racing association for any purpose other than for payment to those distributees as directed by this chapter. These funds are not the property of the racing association, but are merely held in trust for the benefit of the statutory distributees until the funds are distributed to them in accordance with this chapter. These funds shall be held in a separate depository account until they are actually distributed as provided for in this chapter.

SEC. 3. Section 19601.3 is added to the Business and Professions Code, to read:

19601.3. (a) Notwithstanding any other provision of law, a quarter horse racing association, subject to approval by the board, may deduct from the total amount handled in the parimutuel pool for any type of wager up to 2 percent more of the total amount handled than was authorized on May 1, 2009. Funds deducted pursuant to this additional authority shall be distributed as follows:

(1) All of the funds, up to 1 percent on the first fifty thousand dollars (\$50,000) per day handled, to eligible satellite wagering facilities that are in compliance with Article 9.2 (commencing with Section 19605), based on the wagers they accept, and provided further that they accept all available signals from the quarter horse racing association.

(2) The remainder of the funds shall be distributed with 50 percent going to the quarter horse horsemen's organization for purses and the other 50 percent being retained by the racing association.

(b) Notwithstanding any other provision of law, a harness racing association, subject to approval by the board, may deduct from the total amount handled in the parimutuel pool for any type of wager up to 2 percent more of the total amount handled than was authorized on May 1, 2009.

Funds deducted pursuant to this additional authority shall be distributed as follows:

(1) All of the funds, up to 1 percent on the first fifty thousand dollars (\$50,000) per day handled, to eligible satellite wagering facilities that are in compliance with Article 9.2 (commencing with Section 19605), based on the wagers they accept, and provided further that they accept all available signals from the harness racing association.

(2) The remainder of the funds shall be distributed with 50 percent going to the harness horsemen's organization for purses and the other 50 percent being retained by the racing association.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SEC. 5. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to protect the public's funds placed as wagers on horse racing and to ensure the economic stability and survival of, and the protection and preservation of jobs in, the harness and quarter horse racing industries at the earliest possible time, it is necessary that this act take effect immediately.